
FRENCH QUARTER MANAGEMENT DISTRICT

FINANCIAL STATEMENTS

DECEMBER 31, 2013



A Professional Accounting Corporation

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FRENCH QUARTER MANAGEMENT DISTRICT

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To the Board of Commissioners of
French Quarter Management District

We have compiled the accompanying statement of net position and governmental fund balance sheet of the French Quarter Management District (the District) as of December 31, 2013, and the related statement of activities and governmental fund revenues, expenditures, and changes in fund balance for the year then ended, which collectively comprise the District's basic financial statements as listed in the table of contents. We have not audited or reviewed the accompanying financial statements and accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

The management of the District is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist the management of the District in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information has been compiled by us without audit or review and accordingly, we do not express an opinion or provide any assurance on it.

Postlethwaite + Netterville

Metairie, Louisiana
March 31, 2014

FRENCH QUARTER MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013

This report offers readers of these financial statements an overview and analysis of the financial activities of the French Quarter Management District (the District). This narrative is designed to assist the reader in focusing on significant financial issues, identify changes in the District's financial position, and identify individual fund issues or concerns.

FINANCIAL HIGHLIGHTS

The District's total fund balance increased by \$7,989 during the year ended December 31, 2013. The increase in the fund balance was primarily related to the donations received in 2013 in the amount of \$53,966, in excess of public safety expenditures.

As of the close of the current fiscal year, the District's funds reported an ending fund balance of \$18,109. Balances that are reserved indicate that they are not available for new spending because they have already been committed to liquidation of contracts and invoices of the prior period. The fund balance of \$18,109 was unrestricted at December 31, 2013.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business.

The Statement of Net Position column on the Statement of Net Position and Governmental Fund Balance Sheet on page 4 presents financial information of all the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities column on the Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance on page 5 presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods.

FRENCH QUARTER MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's fund is a governmental fund.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term outflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year. Such information may be useful in evaluating the District's current financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements. The notes to the financial statements are a required part of the basic financial statements and can be found on pages 6 through 8 of the accompanying compilation report.

Economic Factors and Next Year's Budget and Rates

There are several uncertainties with the District as well as the State of Louisiana related to state appropriations during the next several years. The District will continue to seek appropriations and other funding from the state and other sources. The District foresees sufficient revenues to allow for addressing its primary objectives and continuing development of new programs as needed.

Contacting the District's Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the administration at 100 Conti Street, New Orleans, Louisiana, 70130.

FRENCH QUARTER MANAGEMENT DISTRICT

STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET

DECEMBER 31, 2013

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<u>ASSETS</u>			
Cash	<u>\$ 18,109</u>	<u>\$ -</u>	<u>\$ 18,109</u>
<u>TOTAL ASSETS</u>	<u><u>\$ 18,109</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 18,109</u></u>
<u>LIABILITIES</u>			
Accounts payable and liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>TOTAL LIABILITIES</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCE/NET POSITION</u>			
Fund balance:			
Unrestricted	<u>18,109</u>	<u>(18,109)</u>	<u>-</u>
<u>TOTAL FUND BALANCE</u>	<u>18,109</u>	<u>(18,109)</u>	<u>-</u>
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u><u>\$ 18,109</u></u>	<u><u>\$ (18,109)</u></u>	<u><u>\$ -</u></u>
<u>NET POSITION</u>			
Unrestricted		<u><u>\$ 18,109</u></u>	<u><u>\$ 18,109</u></u>

See accompanying notes and independent accountants' compilation report.

FRENCH QUARTER MANAGEMENT DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<u>EXPENDITURES/EXPENSES</u>			
Marketing and promotions	\$ 150	\$ -	\$ 150
Public safety	45,827	-	45,827
	<u>45,977</u>	<u>-</u>	<u>45,977</u>
Total expenditures/expenses	<u>45,977</u>	<u>-</u>	<u>45,977</u>
<u>GENERAL REVENUES</u>			
Donations	53,966	-	53,966
State appropriation	-	-	-
	<u>53,966</u>	<u>-</u>	<u>53,966</u>
Total general revenues	<u>53,966</u>	<u>-</u>	<u>53,966</u>
Excess of revenues over expenditures	<u>7,989</u>	<u>(7,989)</u>	<u>-</u>
Change in net position	<u>-</u>	<u>7,989</u>	<u>7,989</u>
<u>FUND BALANCE/NET POSITION</u>			
Beginning of the year	<u>10,120</u>	<u>-</u>	<u>10,120</u>
Ending of the year	<u>\$ 18,109</u>	<u>\$ -</u>	<u>\$ 18,109</u>

See accompanying notes and independent accountants' compilation report.

FRENCH QUARTER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

1. Summary of Significant Accounting Policies

Background

Act 280 of 2007 as amended and reenacted by Act 782 of 2008 and Act. 304 of 2011 of the State of Louisiana Legislature created the French Quarter Management District. The purpose of the District is to strengthen the District as a National Historic Landmark, a historic residential district, and a vital component of Louisiana's tourism industry by investing and reinvesting public funds in the District to aid in the preservation of the District's architecture, quaint charm, and tour ensemble, to beautify its appearance, to improve public safety, to foster quality experiences and quality of life within its boundaries, and to improve commercial and residential vitality; thereby vastly increasing the quantity of the District's local, national, and international visitors and full-time residents, as well as to protect and improve the tourism industry and to promote economic development throughout the state.

The District is comprised of the area of the city of New Orleans lying within the following boundaries: the Mississippi River, the center line of Canal Street, the rear property line of the properties fronting on the lake side of North Rampart Street, the rear property line of the properties fronting on the downriver side of Esplanade Avenue to the Mississippi River.

Acts 280 and 782 and 304 also created a Board of Commissioners for the District composed of thirteen members for governance of the District. Act 280 includes a provision that the District exists until June 30, 2014, unless such date is extended by law. Act 304 passed during the year ended December 31, 2011 provides that the District exists until June 30, 2021. Act 304 in 2011 also changed the name of the District from the French Quarter – Marigny Historic Area Management District to the French Quarter Management District.

The Financial Reporting Entity

Governmental Accounting Standards Board (GASB) Codification established standards for defining and reporting on the financial entity. GASB Codification indicates the focal point for identifying the financial reporting entity is the primary government, which is considered to be any state government or general purpose local government or a special purpose government that meets all of the following criteria: a) has a separately elected governing body, b) is legally separate, and c) is fiscally independent of other state and local governments.

As previously discussed, state statute established the District as a separate, legal entity with a governing body which is separate and independent of any other governmental "reporting entity", as defined by GASB Codification. However, the District is dependent primarily on donations and appropriations to conduct its business.

FRENCH QUARTER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

1. Summary of Significant Accounting Policies (Continued)

The Financial Reporting Entity (continued)

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governments and special districts. The following is a summary of the more significant accounting policies:

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's fund). Both the government-wide and fund financial statements categorize primary activities as governmental type. The government-wide Statement of Net Position and Statement of Activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term liabilities.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

The District's fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Miscellaneous contributions for projects are recognized as revenues in the period received by the District. When the contribution is provided as a direct funding of a project, such amounts are recognized as revenue when the related costs are incurred.

The District reports the general fund as a major fund as it is the District's primary operating fund.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

FRENCH QUARTER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

1. Summary of Significant Accounting Policies (Continued)

Fund Balance

In the fund level financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net Position

Net position represents the difference between assets and liabilities, and consists of cash, reduced by accounts payable and liabilities.

2. Deposits

Cash includes amounts in demand deposit accounts.

At December 31, 2013, the carrying amount and the bank balance of the District's deposits was \$18,109. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it under state law; at December 31, 2013 all deposits are secured by federal depository insurance.

3. Related Parties

Various members of the District's Board of Commissioners are members of the boards of non-profit organizations that may receive part of their funding for the performance of certain programs from the District. None of these members receive any form of compensation from any of these organizations.

4. Revenue Concentration

The District's current principal source of revenues consists mainly of donations.